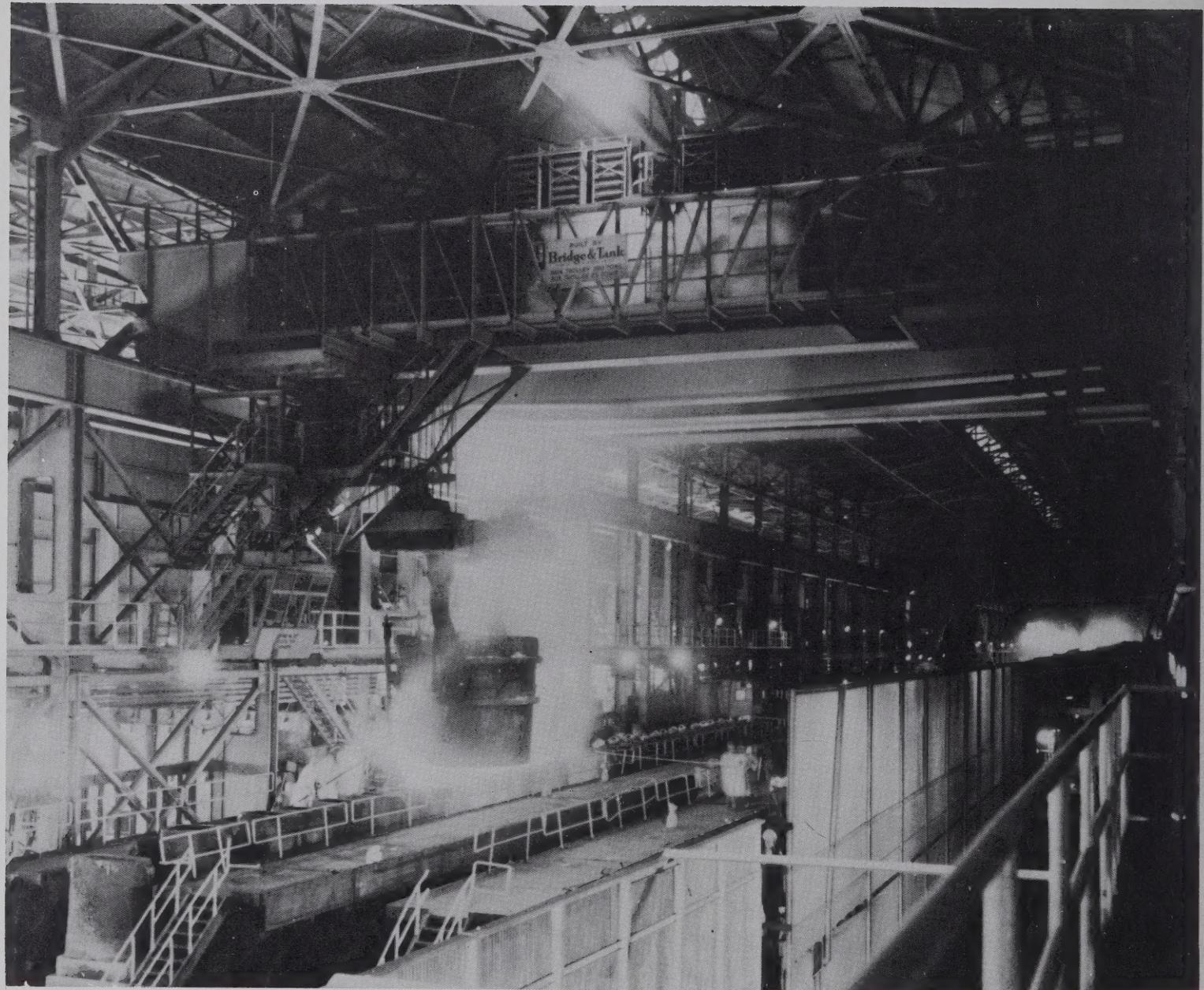


Bridge & Tank Company of Canada Limited • Annual Report 1972





250 ton ladle crane in steel mill service — built by Bridge & Tank Hamilton Bridge Division.

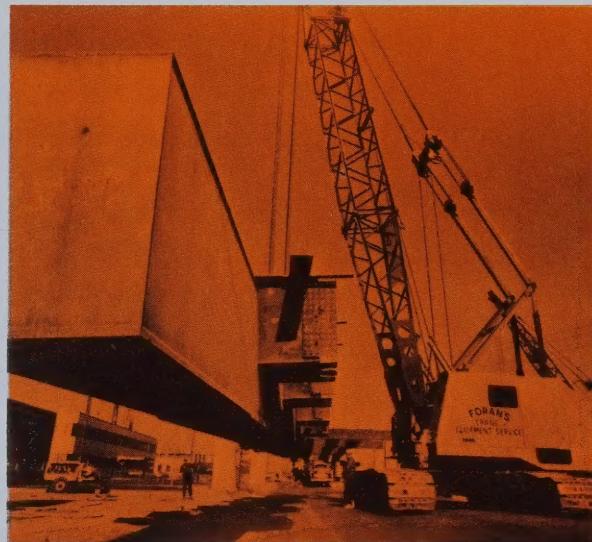


DIRECTORS

W. A. Andres, *Toronto*
M. A. Cooper, *Toronto*
J. S. Gairdner, *Toronto*
V. G. Lamont, *Hamilton*
H. B. Martin, *Toronto*
H. C. Rynard, *Toronto*
Harold Tanenbaum, *Toronto*
Howard Tanenbaum, *Toronto*
Joseph M. Tanenbaum, *Toronto*
Max Tanenbaum, *Toronto*

OFFICERS

Harold Tanenbaum — *Chairman of the Board*
V. G. Lamont — *President*
G. H. Tidswell — *Vice-President*
J. Bracewell — *Secretary and Treasurer*



130 ton crawler crane lifting 75 ton bridge girder.

One of the fleet of mobile, crawler and hydraulic units of Foran's Crane and Equipment Service.

OPERATING UNITS

HAMILTON BRIDGE DIVISION
HAMILTON

BRIDGE & TANK WESTERN LTD.
WINNIPEG

A. Fraser MacDonald *General Manager*

FORD-SMITH MACHINE COMPANY LIMITED
HAMILTON

D. Giglia *General Manager*

FORD-SMITH COMPAGNIE LIMITEE
MONTREAL

D. Giglia *General Manager*
B. A. Dawson *Branch Manager*

FORAN'S CRANE & EQUIPMENT
SERVICE LIMITED
HAMILTON

James Foran *General Manager*

TRANSFER AGENTS
ROYAL TRUST COMPANY

TO THE SHAREHOLDERS OF BRIDGE & TANK COMPANY OF CANADA LIMITED

On behalf of the Directors, I submit herewith the consolidated financial statements of the company and its subsidiaries for the fiscal year ended December 31, 1972.

Consolidated net earnings for the year were \$586,916 (47c per common share after preferred share dividends), a substantial increase from the restated 1971 net earnings of \$66,032 before extraordinary items. This increase in net earnings is the result of our continuing effort to increase efficiency and productivity. All divisions operated at a profit with the exception of our Winnipeg Plant, Bridge & Tank Western Ltd., which suffered the effects of the depressed construction market in that area and thus operated at a modest loss. The crane rental division ended up with a reduced profit from last year after showing a modest loss for the first six months. The combined sales backlog at the year-end was \$10,765,000.

Construction activity in 1972 did not increase to the extent anticipated due to business optimism being hampered by election uncertainties and labour unrest in the industry. Prospects for 1973 are more encouraging, although no significant improvement is evident in the Provinces of Manitoba and Saskatchewan which is the area served by our Winnipeg plant. Reduced rates of corporate tax from 49% to 40% to apply after January 1, 1973 to manufacturing and processing profits earned in Canada were introduced in the May 8, 1972 budget including the faster write-off for the capital cost of new manufacturing equipment. The bill implementing this legislation was not voted on during the sitting of the last Parliament, and was not included in the February 19, 1973 budget. If it is made law, it should not only help to improve our company's cash flow and net earnings, but also stimulate industrial capital expenditures which will result in an increased market for the mechanical and steel fabricating industries.



The Company's agreement with the United Steelworker's Union representing the workers in our Hamilton Plant expired May 31, 1972 and a new two year contract was ratified June 24, 1972. Also, the Union agreement covering the plant workers in Winnipeg expired June 30, 1972 and a new contract was ratified September 5, 1972.

Capital expenditures during the year amounted to \$1,120,381. These funds were used primarily in cost reduction programs in our Hamilton plant, and to increase the size of our heavy fabricating bay to enable us to handle much larger and heavier structural steel components efficiently.

I wish to thank the Board of Directors for their sincere efforts on behalf of the Company, and to thank the management and employees for their efforts during the past year to enable us to make this company more efficient and profitable and one of which we can all be proud.

Submitted by

H. Tanenbaum,
Chairman of the Board.

March 21, 1973

Bridge & Tank Company of Canada Limited and Subsidiary Companies • Consol

ASSETS

	<u>1972</u>	<u>1971</u>
CURRENT ASSETS:		
Cash	\$ 31,452	\$ 49,559
Accounts and notes receivable	3,901,776	4,255,422
Due from parent company	68,960	—
Inventories, valued at the lower of cost or net realizable value:		
Contracts and other work in process.....	3,614,589	5,279,172
Raw materials and stores	1,726,197	1,506,593
	<u>5,340,786</u>	<u>6,786,765</u>
Marketable securities at cost (1972 market value \$355,880) :		
Available for contract and other deposits.....	186,464	350,474
Contract and other deposits.....	<u>237,229</u>	<u>73,219</u>
	<u>423,693</u>	<u>423,693</u>
Prepaid expenses	21,700	34,700
TOTAL CURRENT ASSETS.....	9,788,367	11,550,139
Mortgage receivable	45,227	51,071
Funds provided for the purchase of preference shares (note 5).....	100,000	100,000
Property, plant and equipment, less accumulated depreciation (note 2) :		
Buildings, machinery and equipment	11,098,892	10,151,873
Less accumulated depreciation.....	<u>6,734,678</u>	<u>6,403,907</u>
	<u>4,364,214</u>	<u>3,747,966</u>
Land	251,196	252,961
	<u>4,615,410</u>	<u>4,000,927</u>
Deferred income taxes	—	141,190
Excess of cost of investment in a wholly-owned subsidiary over underlying net book value at date of acquisition	216,845	216,845
Financing and organization expenses, less amounts written off.....	12,623	18,071
	<u>\$14,778,472</u>	<u>\$16,078,243</u>

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bridge & Tank Company of Canada Limited and subsidiary companies as of December 31, 1972 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination of the financial statements of Bridge & Tank Company of Canada Limited and those subsidiaries of which we are the auditors included a



ted Balance Sheet, December 31, 1972 with comparative figures for 1971 (note 1)

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1972</u>	<u>1971</u>
CURRENT LIABILITIES:		
Bank indebtedness, secured (note 3)	\$ 2,213,992	\$ 2,560,244
Accounts payable and accrued charges	2,270,686	2,883,894
Due to parent company	—	143,662
Advance billings on uncompleted contracts	2,164,983	3,080,975
Income taxes payable	292,578	42,347
Other taxes payable	334,700	280,737
Dividends payable	23,212	—
Long term debt due within one year	188,748	102,787
TOTAL CURRENT LIABILITIES	7,488,899	9,094,646
Deferred income taxes	48,927	—
Long term debt (note 4)	217,982	431,788
Shareholders' equity:		
Capital stock (note 5):		
\$2.90 Sinking Fund Preference shares	1,600,850	1,600,850
Common shares	1,815,166	1,815,166
	<u>3,416,016</u>	<u>3,416,016</u>
Amount arising from appraisals of fixed assets, unchanged during the year	746,669	746,669
Retained earnings (note 6)	2,859,979	2,389,124
	<u>7,022,664</u>	<u>6,551,809</u>

Commitments (note 7)

On behalf of the Board:

Harold Tanenbaum *Director*
V. G. Lamont *Director*

\$14,778,472

\$16,078,243

general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of the other subsidiary.

In our opinion, these consolidated financial statements present fairly the financial

position of the company and subsidiary companies at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Hamilton, Ontario February 9, 1973

**CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1972 WITH COMPARATIVE FIGURES FOR 1971 (NOTE 1)**

	<u>1972</u>	<u>1971</u>
Sales	\$19,793,203	\$ 19,907,401 ✓
Cost, including selling and administrative expenses	17,910,841	18,811,687
Depreciation	457,404	395,874
Direct remuneration of directors and senior officers	149,592	225,491
	18,517,837	19,433,052
Operating profit.....	1,275,366	474,349
Other income :		
Income from sundry investments	22,940	23,469
Miscellaneous	130	1,602
	23,070	25,071
	1,298,436	499,420
Other expenses :		
Interest on long term debt and financing expenses	25,083	32,311
Other interest	160,011	134,778
Bad debt	—	205,000
Miscellaneous	22,406	—
	207,500	372,089
Earnings before income taxes and extraordinary item	1,090,936	127,331
Income taxes.....	504,020	61,299
Earnings before extraordinary item.....	586,916	66,032 ✓
Extraordinary item, loss on investment (net of income taxes, \$51,500) .	—	218,500
Net earnings (loss) for the year	\$ 586,916	(152,468)
Earnings (loss) per common share (after deducting preference share dividend requirement) :		
Before extraordinary item.....	\$.47	(.03) ✓
Net earnings (loss) for the year47	(.24)

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1972 WITH COMPARATIVE FIGURES FOR 1971 (NOTE 1)**

	<u>1972</u>	<u>1971</u>
Retained earnings at beginning of year :		
As previously reported	\$ 2,296,424	\$ 2,618,898
Adjustment of prior year's income taxes and extraordinary item (note 1)	92,700	—
As restated.....	2,389,124	2,618,898
Net earnings (loss) for the year	586,916	(152,468)
Transfer from amount arising from appraisals of property, plant and equipment.....	—	15,543
	2,976,040	2,481,973
Dividends on preference shares (note 6)	116,061	92,849
Retained earnings at end of year.....	\$ 2,859,979	\$ 2,389,124

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED DECEMBER 31, 1972 WITH COMPARATIVE FIGURES FOR 1971 (NOTE 1)**

	<u>1972</u>	<u>1971</u>
Funds provided:		
From operations:		
Net earnings (loss) for the year	\$ 586,916	\$ (152,468)
Add (deduct) non-cash items:		
Depreciation	457,494	395,874
Reduction of investments and advances	—	375,000
Deferred income taxes	190,117	(41,190)
(Profit) or loss on sale of property, plant and equipment	22,406	(712)
Amortization of financing and organization expenses.....	5,448	5,448
Funds provided from operations	1,262,381	581,952
Proceeds from sale of property, plant and equipment.....	25,898	21,404
Reduction in mortgage receivable	5,844	5,568
Total funds provided	1,294,123	608,924
Funds applied:		
Purchase of property, plant and equipment.....	1,120,281	710,870
Reduction of long term debt	213,806	103,712
Dividends on preference shares (note 6)	116,061	92,849
Total funds applied.....	1,450,148	907,431
Decrease in working capital.....	\$ 156,025	\$ 298,507

See accompanying notes to consolidated financial statements.

BRIDGE & TANK COMPANY OF CANADA LIMITED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1972

(1) One company claimed certain deductions for income tax purposes in 1971 in excess of the amount contemplated at December 31, 1971. As a result the balance of retained earnings at December 31, 1971, previously reported as \$2,296,424, has been restated to show a retroactive credit of \$92,700 representing the amount by which taxes on earnings, the extraordinary loss on investment and the net loss for the year have been reduced.

(2) Property, plant and equipment are stated as follows:

Buildings, machinery and equipment:

On the basis of an appraisal report by Stone & Webster Engineering Corporation, dated January 29, 1954, with subsequent additions at cost, less accumulated depreciation	\$3,380,838.....	\$3,130,035
At cost, less accumulated depreciation	\$3,258,903.....	1,207,239
At values determined by the Board of Directors of a subsidiary company, as of August 31, 1955, with subsequent additions at cost, less accumulated depreciation \$94,937		26,940
		<u>\$4,364,214</u>

Land:

On the basis of an appraisal report by Lounsbury & Lounsbury Ltd., dated January 18, 1954	\$ 117,600	
At cost	\$ 133,596	
	<u>\$ 251,196</u>	

(3) The bank indebtedness is secured by a general assignment of book debts, inventories under Section 88 of the Bank Act, marketable securities, and a floating charge on other assets.

(4) The long term debt is made up as follows:

Bridge & Tank Company of Canada Limited:		
5 1/4% First Mortgage Sinking Fund Bonds Series A due March 1, 1974	\$2,500,000	
Less redeemed and cancelled	2,144,000	
	356,000	
9% Chattel mortgage, payable at the rate of \$2,506, including interest, per month and finally maturing on November 1, 1974 ..	\$ 79,000	
Principal repaid to December 31, 1972	<u>28,270</u>	50,730
		<u>406,730</u>

Deduct principal due within one year, included in current liabilities:

First Mortgage Sinking Fund Bonds ..	162,094	
Chattel mortgage ...	<u>26,654</u>	188,748
		<u>\$ 217,982</u>

The trust deed securing the bonds requires payments in cash or in Sinking Fund Bonds to the Trustee of not less than:

By March 1, 1973.....	\$ 185,036	
Less excess requirements met at December 31, 1972.....	22,942	
		162,094
By March 1, 1974	193,906	
		<u>\$ 356,000</u>

(5) Capital stock:

	Shares	Amount
Authorized:		
Preference shares, par value \$50 each.....	192,467	\$ 9,623,350
Less redeemed to date.	450	22,500
Authorized for issuance.....	<u>192,017</u>	<u>\$ 9,600,850</u>
Common shares of no par value.....	<u>3,000,000</u>	<u>\$ —</u>
Issued:		
\$2.90 Sinking Fund Preference shares	32,467	\$ 1,623,350
Less redeemed to date.	450	22,500
Issued and outstanding	<u>32,017</u>	<u>\$ 1,600,850</u>
Common shares issued and outstanding.....	<u>1,043,694</u>	<u>\$ 1,815,166</u>

(b) The issued preference shares are non-participating and carry a fixed cumulative dividend of \$2.90 per share per annum. The shares are redeemable at \$51 per share.

(c) Under the terms of the sinking fund provisions in respect of the issued preference shares, the company has set aside \$100,000 in cash to be used for the purchase of preference shares for cancellation.

(6) Dividend arrears on the \$2.90 Sinking Fund Preference shares are \$8.70 per share or \$278,548. The regular quarterly dividend for the three months ending on March 1, 1973 was declared on December 5, 1972 and accordingly, while five quarterly dividends were declared during 1972, the dividend arrears at December 31, 1971 are unchanged at December 31, 1972. In addition, under the provisions of the Deed of Trust and Mortgage securing the First Mortgage Bonds, restrictions are also placed on the payment of dividends on common shares unless certain conditions are met. Because of these restrictions, \$205,641 of retained earnings at December 31, 1972 is not available for payment of dividends on common shares.

(7) Commitments:

(a) Capital commitments at December 31, 1972 amount to approximately \$755,000.

(b) The liability for past service costs under the companies' pension plans remaining to be accrued is approximately \$1,052,700 at December 31, 1972 (1971, \$616,200) based on actuarial studies made as at December 31, 1971. The increase at December 31, 1972 is caused by revisions to the plans, including increased benefits and changes in actuarial assumptions. The amount of \$1,052,700 is being amortized at the rate of \$102,900, including interest, annually to December 31, 1976 and thereafter at the rate of \$88,700, including interest, to December 31, 1989.



HAMILTON BRIDGE DIVISION

OFFICES AND PLANT:
390 Gage Avenue North,
Hamilton, Ontario.

PARTIAL LIST OF PRODUCTS:

Bridges, Tank and Plate Work, Structural Steel,
Long Span Joists, Bins, Storage Tanks, Alliance Cranes,
Custom Machine Shop Services.

WAREHOUSE STEEL DIVISION:

Beams, Channels, Angles, Plates, Floor Plates,
Round and Flat Bars.

BRECO AERIAL TRAMWAY DIVISION

Aerial Tramways, Chair Lifts, Aerial Cableways.

BRIDGE & TANK WESTERN LTD.

OFFICE:
Sutherland and Maple Street,
Winnipeg, Manitoba

PLANT:
Gateway Rd. and Vulcan Ave.,
North Kildonan, Manitoba.

PARTIAL LIST OF PRODUCTS:

Structural Steel and Bridge Fabrication, General Plate
Fabrication, Conveying and Material Handling Equipment,
Miscellaneous Iron, and Custom Machine Work.

FORD-SMITH MACHINE COMPANY LIMITED

OFFICE AND PLANT:
390 Gage Avenue North, Hamilton, Ontario.

PARTIAL LIST OF PRODUCTS:

Grinding and Polishing Machines, "Universal" Automotive
and Industrial Lifting Equipment, Fontaine Fifth Wheels,
Dump Truck Vibrators.

FORD-SMITH COMPAGNIE LIMITÉE

5643 Ferrier St. Unit C,
Town of Mount Royal, Montreal 307, P.Q.

FORAN'S CRANE & EQUIPMENT SERVICE LIMITED

449 Woodward Ave., Hamilton, Ontario.

Provides a complete crane rental service.
Equipment ranges from 5 ton to 140 ton capacity,
on wheeled and crawler machines.
Services include steel and cement hoisting,
machinery moving.



The latest concept in Steel Bridges—"Weathering Steel" trapazoidal box girders — typical of the many fabricated by Bridge & Tank (Hamilton Bridge Division)

